



Hon. Robert T. Matsui

Member of Congress

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Robert T. Matsui

Serving California's 5th District

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MATSUI: CALL PRIVATIZATION WHAT IT IS

WASHINGTON, DC—Today Ranking Member of the Ways and Means Social Security Subcommittee Robert T. Matsui (D-CA) and Brookings Institution Senior Fellow Peter Orszag held a briefing on various Republican Social Security privatization proposals. Recently, Republicans have begun a wide-ranging effort to distance themselves from the phrase "Social Security privatization." Rep. Matsui and Dr. Orszag explained how and why the term has been used to describe Republican proposals for years.

- All Republican proposals, including the President's three plans, the Shaw plan, and the DeMint-Army plan, undermine traditional Social Security in order to create private accounts.
- In none of these plans can workers expect to get both full Social Security benefits AND the value of their private accounts. The funds are either "carved out" up front, "clawed back" in the end – or both – in order to fund the system.
- In each of these plans, Social Security becomes dependent upon the performance of privately directed accounts in the stock market in order to pay promised benefits.
- Over the past 5 years alone, "Social Security privatization" has been referenced in more than 17,905 stories, documents, and transcripts, proving its ubiquitous use to describe these proposals.

"It is a cynical, political stunt for Republicans, who have long embraced the idea of privatization, to now try to distance themselves from the term," said Matsui. "If Republicans sincerely wish to take a stand on Social Security privatization, there is a simple and legitimate way for them to do so. They can bring any number of currently drafted privatization proposals to the House Floor for a vote."

"To varying degrees, each of these plans involves privatization, and it would be disingenuous for proponents to call them anything else," said Dr. Orszag. "These plans have been classified as 'privatization' routinely in academic and popular circles for years. They all include the introduction of a privately owned and controlled component into the Social Security system."

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